

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 93-430-E - ORDER NO. 94-348 ✓
APRIL 21, 1994

IN RE: Integrated Resource Plan Filed) ORDER RULING ON
by Lockhart Power Company) INTEGRATED RESOURCE PLAN

I.

INTRODUCTION

In 1987, the Public Service Commission of South Carolina (the Commission) established Docket No. 87-223-E to develop procedures for integrated resource planning by electric utility companies. By Order No. 91-885, issued October 21, 1991, the Commission adopted integrated resource planning procedures after a collaborative process involving the Commission's jurisdictional electric utilities, the South Carolina Department of Consumer Affairs, Nucor Steel, a Division of Nucor Corporation, the South Carolina Energy Users Committee, and the Commission Staff. These procedures were clarified by Order No. 91-1002.

Thereafter, it was brought to the Commission's attention that Lockhart Power Company (Lockhart) presented a unique situation for the development of an integrated resource plan (IRP). Consequently, the Commission opened a docket to establish a procedure and to consider an IRP for Lockhart. By Order No. 93-950 (October 14, 1993), the Commission approved a procedure for the establishment of an IRP for Lockhart. Pursuant to that procedure,

Lockhart filed an IRP for Commission consideration on October 29, 1993.

Lockhart's filing was duly noticed to the public. A Petition to Intervene was filed by the Consumer Advocate for the State of South Carolina (the Consumer Advocate). By letter dated March 31, 1994, the Consumer Advocate notified the Commission that it had no objections to Lockhart's IRP and that it did not wish to participate in a hearing on this matter.

II.

BACKGROUND

Under the terms of Order No. 93-950, Lockhart is required to file a fifteen (15) year IRP every three years. Lockhart's first IRP was due to be filed by November 1, 1993. Each subsequent IRP is due by June 30th.

The objective of the IRP process is the development of a plan that results in the minimization of the long run total costs of the utility's overall system and produces the least cost to the consumer, consistent with the availability of an adequate and reliable supply of electricity while maintaining system flexibility and considering environmental impacts. In conjunction with the overall objective, the IRP should contribute toward the outcomes of improved customer service, additional customer options, and improved efficiencies of energy utilization. Order No. 93-950.

The IRP filing must contain a statement of Lockhart's long-term and short-term objectives and how these objectives address the overall objective of the IRP process as stated by the Commission. The filing must also indicate how Lockhart's resource

plans seek to ensure that the utility incorporates the lowest cost options for meeting the consumers' electricity needs consistent with the availability of an adequate and reliable supply of electricity. Among other requirements, Order No. 93-950 requires Lockhart's IRP filing to include the evaluation of the cost effectiveness of each supply-side and demand-side option, consideration of the environmental costs of the plan, a demand and energy forecast, a discussion of maintenance and refurbishment programs for existing generating units, and evaluation and review of existing demand-side options utilized by the utility as well as discussion of future demand-side and/or supply-side options.

Finally, the noted IRP procedures require that the Commission review Lockhart's filing to evaluate the extent of compliance with the Commission's procedures for the specific purpose of determining whether the IRP is reasonable at this point in time. The Commission is also to review and determine whether the options selected and incorporated within the IRP are consistent with the Commission's procedures and whether such options have been justified by the utility within its IRP filing. The Commission does not intend to dictate to utility management the specific options that should be adopted as part of the IRP. Lockhart must maintain responsibility for its performance regarding the implementation of the selected resource options.

III.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

After a thorough review of Lockhart's 1993 IRP, the Commission makes the following findings of fact and conclusions of law:

1. The Commission finds that Lockhart's initial IRP constitutes a good faith and reasonable effort by the utility at this point in time to comply with the objective statement and the overall intent of the Commission's IRP process as established in Order No. 93-950.

2. The Commission recognizes that Lockhart is not in a position to determine any specific DSM impacts from any DSM operations within its current IRP filing. For this reason, Lockhart is not currently seeking to recover any specific costs related to any DSM option or program. At the time it seeks to recover costs related to a DSM option or program, Lockhart may request, and the Commission will consider, a cost recovery mechanism.

3. Lockhart shall continue to make a good faith effort, given its existing constraints such as its limited size, its operating characteristics, and its limited resources, to comply with the Commission's IRP objectives and, in so doing, shall do the following:

a. Seek to develop over time a cost effective and reasonable portfolio of DSM options/programs consistent with the intent of the Commission's IRP process;

b. Through interaction with other utilities, energy suppliers, state and federal energy organizations, utility organizations, and other relevant organizations, seek to obtain knowledge about and to evaluate DSM options/programs/technologies which could be applicable to the Lockhart system; and

c. Explore the potential for encouraging additional input into its IRP process from customers through some formal or informal process.

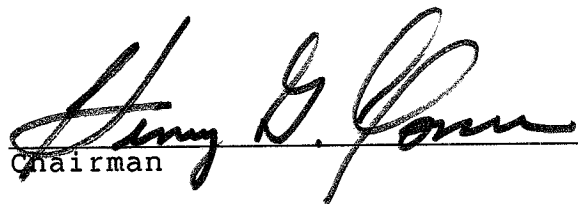
Lockhart shall report to the Commission on the

developments pertaining to 3a, b, and c in its next IRP filing or upon request by the Commission.

4. Should Lockhart intend to modify any DSM related option/program or to adopt a new DSM program prior to the filing of its next IRP, Lockhart shall first submit full and appropriate information in support of the modifications and/or program with the Commission. This information shall be served upon the Consumer Advocate and the Consumer Advocate will have the opportunity to seek timely discovery on the particular DSM modification and/or new programs. Upon compliance with this filing requirement, Lockhart may proceed with the implementation of the new or modified program.

5. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)